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November 6, 1997

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Hand Delivered

Re: Reply Comments of TDS Telecommunications Corporation
CC Docket No. 96-128

Dear Mr. Caton:

Transmitted herewith, on behalf of TDS Telecommunications Corporation and pursuant to the FCC's October 20, 1997 Public Notice, DA 97-2214, are an original and four copies of its reply comments in the above-referenced docket.

In the event there are questions concerning this matter, please contact me.

Very truly yours,

R. Edward Price

R. Edward Price

Enclosure

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Implementation of the	)	CC Docket No. 96-128
Pay Telephone Reclassification	)	
and Compensation Provisions of the	)	
Telecommunications Act of 1996	)	

REPLY COMMENTS OF TDS TELECOMMUNICATIONS CORPORATION

TDS Telecommunications Corporation (TDS), by its attorneys and pursuant to the Commission's Order of October 7, 1997, and Public Notice of October 20, 1997, in the above-captioned proceeding,[1] hereby submits these reply comments in support of parties seeking a waiver of the Commission's payphone coding requirements.

TDS reiterates its position that LECs may comply with the payphone call coding requirements through either LIDB- or Flex ANI-based solutions. And, as the American Public Communications Council (APCC) has demonstrated in its comments, there is no reason why AT&T or other long distance carriers could not track and pay per-call compensation through the use of a LIDB (i.e., OLNS) method.[2] Any IXC costs incurred through making LIDB dips could simply be deducted from the compensation made to payphone service providers. Indeed,

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[1] Order, DA 97-2162, CC Docket No. 96-128 (CCB, released Oct. 7, 1997); Public Notice, "Pleading Cycle Established for Petitions to Waive Payphone Coding Digits Requirements," DA 97-2214 (released Oct. 20, 1997). The Order and Public Notice were issued, inter alia, in response to a Petition for Waiver that TDS filed on behalf of its local exchange carrier subsidiaries on October 1, 1997, in this docket.

[2] See APCC Comments, Oct. 30, 1997, at 21-24.

such an arrangement would more closely approximate the "'give and take' market-based approach that the Commission considered essential in first implementing its payphone compensation mechanism"[3] than one where LECs are forced to provide a costly service from which they derive no benefit.

As TDS demonstrated in its comments, LECs may reasonably interpret the Report and Order[4] and Order on Reconsideration[5] in the instant proceeding to allow LECs to provide payphone coding through a LIDB-based system.[6] This is true, in part, because the Commission has not provided any means by which LECs could recover the high costs associated with installing a Flex ANI-based system on their switches. TDS would need to spend approximately $2,055,000 in order to install Flex ANI on its equal access switches. This amounts to approximately $2,700 per payphone and does not include the costs of upgrading TDS's non-equal access switches. Due to the needs of TDS customers, as well as other FCC mandates such as number portability, TDS has determined that, in the long term, it should replace several of its switches. Such switch replacement is likely to cost approximately $5 million. If TDS were required to implement Flex ANI on those switches prior to their eventual replacement, it would cost approximately $1,560,000 to add Flex ANI to switches that may eventually be replaced.

Clearly the cost of providing payphone call coding through Flex ANI would be too

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3 RCN Telecom Comments, Oct. 30, 1997, at 1.

4 Report and Order, 11 FCC Rcd 20541 (1996).

5 Order on Reconsideration, 11 FCC Rcd 21233 (1996).

6 See TDS Comments, Oct. 30, 1997.

costly for LECs to bear without a cost-recovery mechanism. Even with a reasonable LEC recovery mechanism, the costs of an industry-wide Flex ANI mandate would exceed the benefits of the compensation arrangements Congress intended. TDS therefore supports a grant of its waiver request in order to provide call coding through a LIDB-based solution beginning July 1, 1998.

Respectfully submitted,

TDS TELECOMMUNICATIONS
CORPORATION

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November 6, 1997

CERTIFICATE OF SERVICE

I, Sheila Hickman, do hereby certify that copies of the foregoing "REPLY COMMENTS OF TDS TELECOMMUNICATIONS CORPORATION" were served this 6th day of November, 1997, by U.S. Mail, first class, postage pre-paid, or by hand delivery (*), on the following parties:

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